



California Public Utilities Commission

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News Release

FOR IMMEDIATE RELEASE

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PUC MOVES TO ENSURE RELIABLE, LONG-TERM SUPPLIES OF NATURAL GAS TO STATE

SAN FRANCISCO, January 22, 2004 – The California Public Utilities Commission (PUC) today took steps to establish policies and rules to ensure that the state has sufficient long-term natural gas supplies and/or infrastructure to meet the needs of all California residential and business consumers.

“Given the current state of the natural gas market it’s imperative that we carefully reevaluate our policies that affect natural gas infrastructure and supply to maintain reasonable rates for consumers,” said PUC President Michael R. Peevey.

To achieve this, the Commission must make certain decisions this year so that: 1) increased demand reduction efforts (e.g., energy efficiency and renewable energy programs) help moderate the potential supply imbalance in the future; 2) sufficient firm interstate and intrastate pipeline capacity will be available to serve California; 3) the benefits and flexibility of storage facilities will be fully appreciated and utilized; and 4) access to imported natural gas supplies (e.g., from Liquefied Natural Gas (LNG) facilities) will be available.

The PUC and the California Energy Commission sponsored a two-day workshop, “Natural Gas Markets Outlook 2006-2016” in December 2003, in which the above recommendations were supported by many of the participants.

Phase one of this proceeding will address issues that the Commission determines require a decision by the summer of 2004 due to deadlines involving interstate pipeline contracts and the need to improve California’s access to additional supplies of natural gas on interstate pipelines and from proposed LNG facilities. Phase two of the proceeding will address those matters that the Commission can decide by the end of the year, such guidelines for as emergency reserves and ratemaking policies that will be consistent with the goal of ensuring adequate and reliable long-term supplies of natural gas to the state.

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